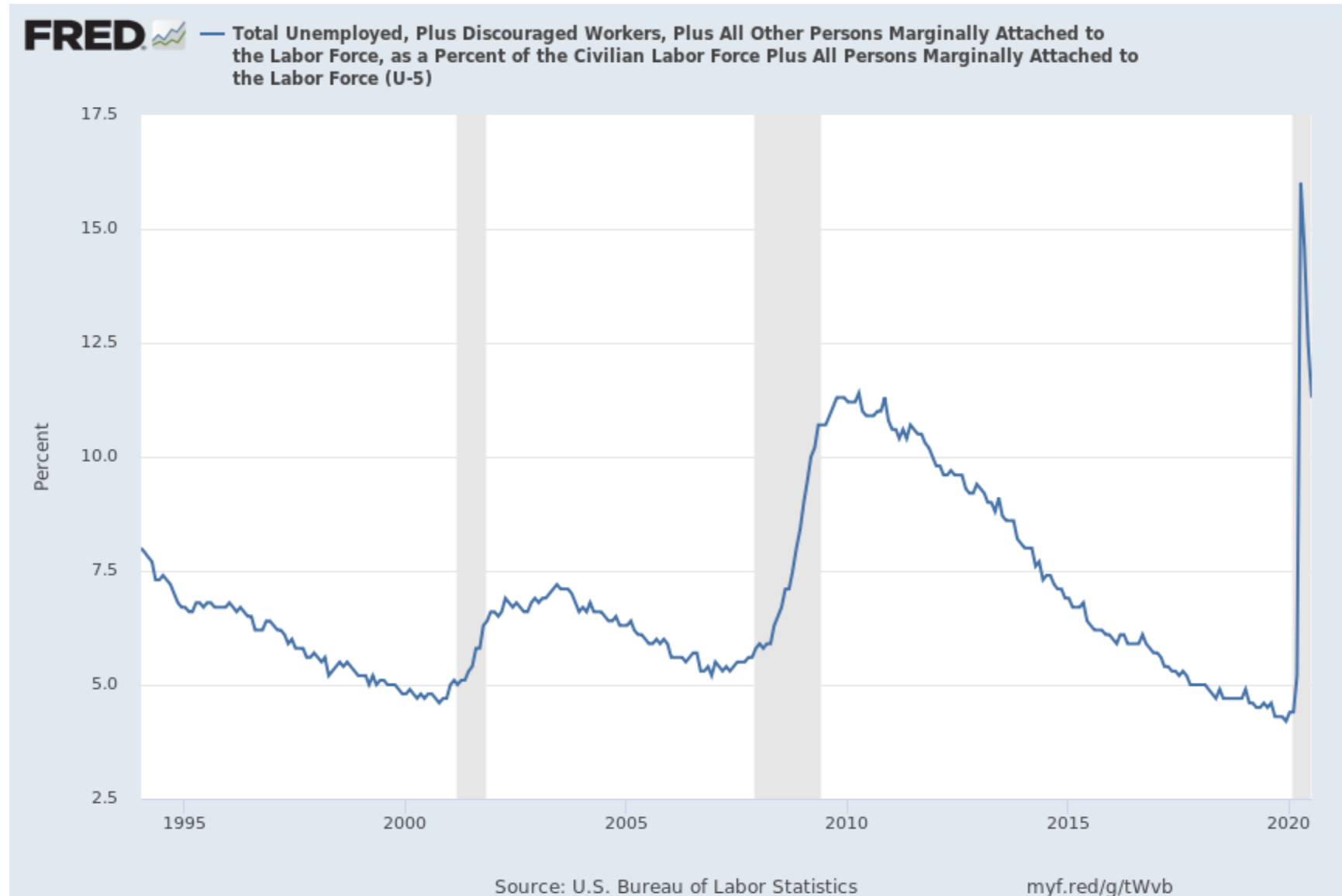


US Economy as of Fall 2020

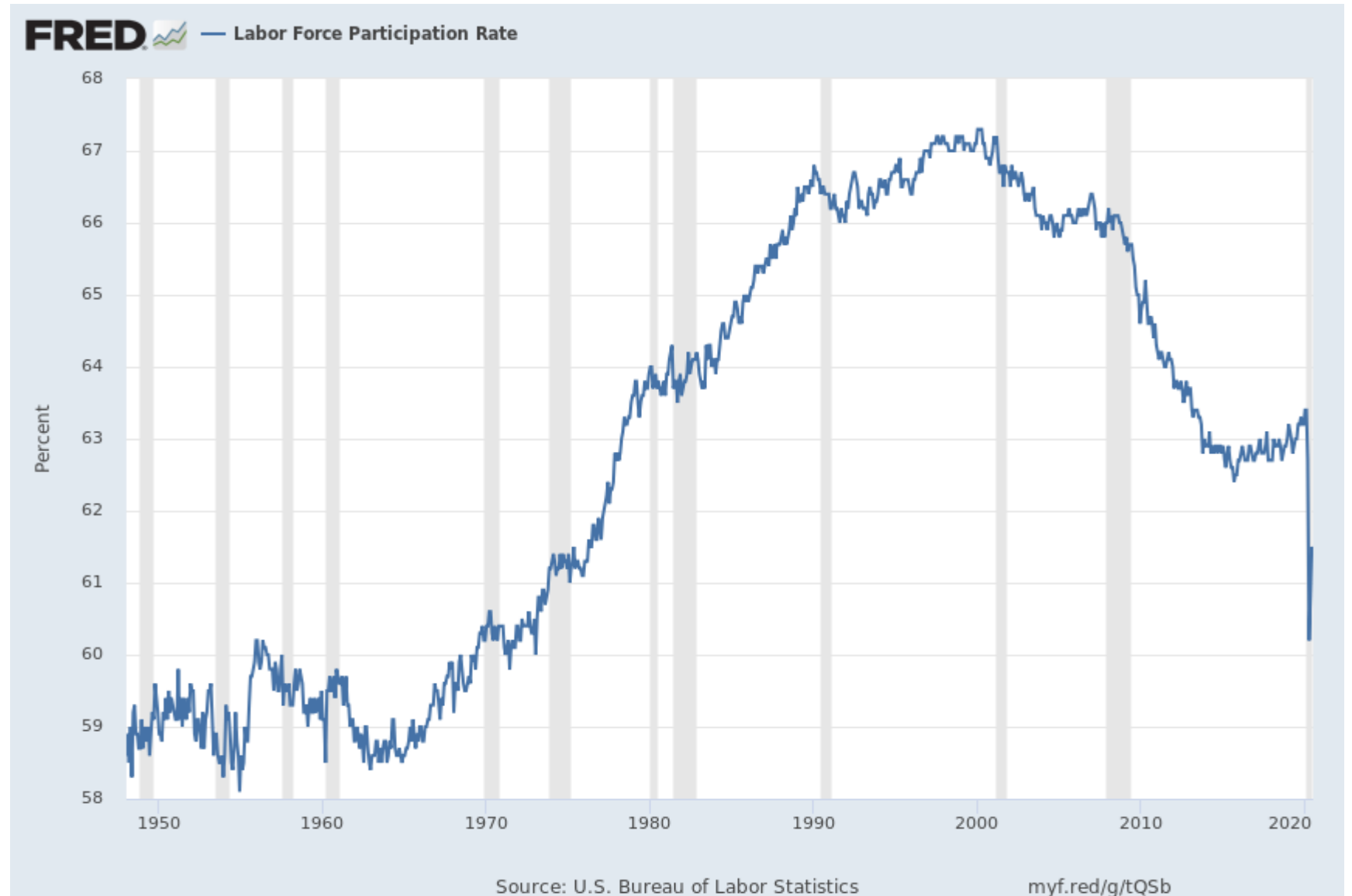
The St. Louis Federal Reserve Bank maintains current statistics on a range of US and international macroeconomic variables through its facility called FRED. The following 14 slides are mostly current to July 2020 and provide a remarkable picture of the impact of the COVID-19 pandemic on the US economy. The question is **WHERE NEXT?**

EMPLOYMENT, UNEMPLOYMENT,
LABOR FORCE

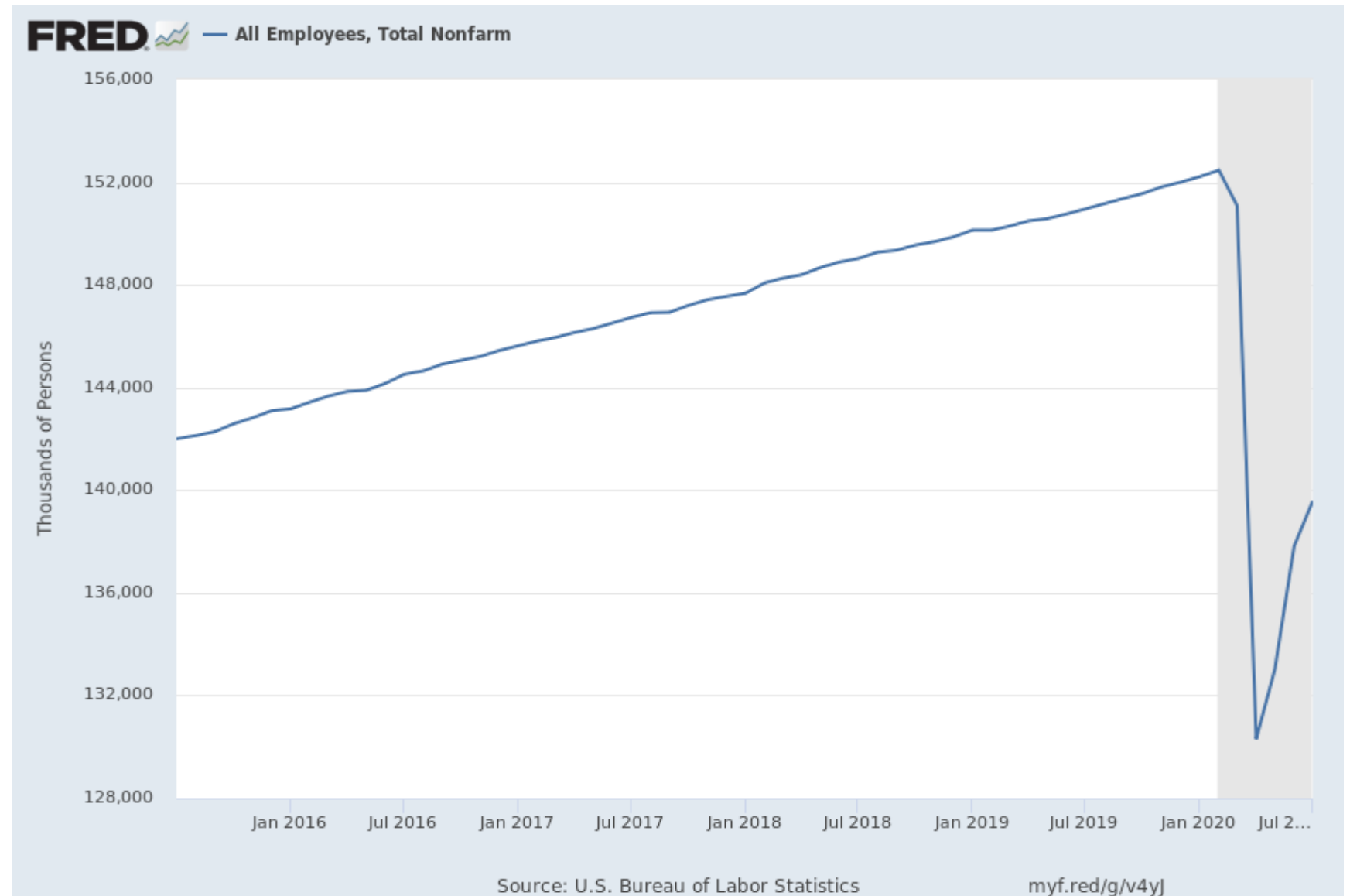
Unemployment is relative to factors like effort to find work again, whether a person is a discouraged worker. However, these categories move together, and the current picture is dire. As of the latest count from early July 2020, the numbers of persons out of work by a broad measure totals as many people as at the worst period in the previous recession (2008-2009).



The labor force participation rate is a proxy of how hard or easy it is to find work. Currently, the labor force participation rate is running at the rate it was in the early 1970's, before the full entry of women into the labor force.



The overall number of employees in the US economy dropped from a high of around 152,000 to somewhat less than 140,000 as of July 1 2020. This represents a loss of 12 million jobs.



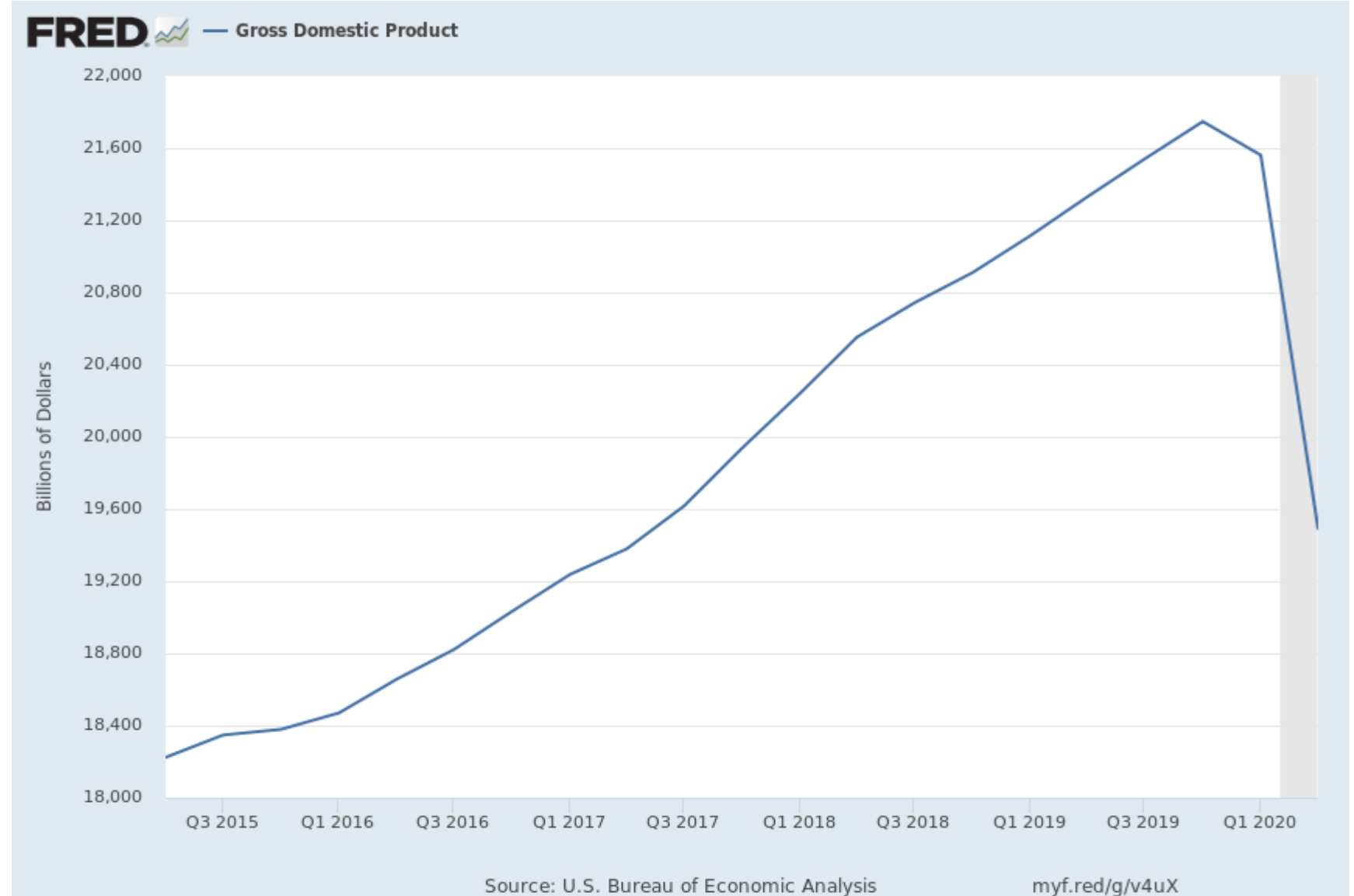
The total number of unemployed is around 16 million persons. At the beginning of 2020, 6 million were unemployed, according to this chart. Somewhere, 2 million persons seem to have been lost, since the previous chart indicates the drop in the labor force to be 12 million. In any case, many people are unemployed as of July 2020.



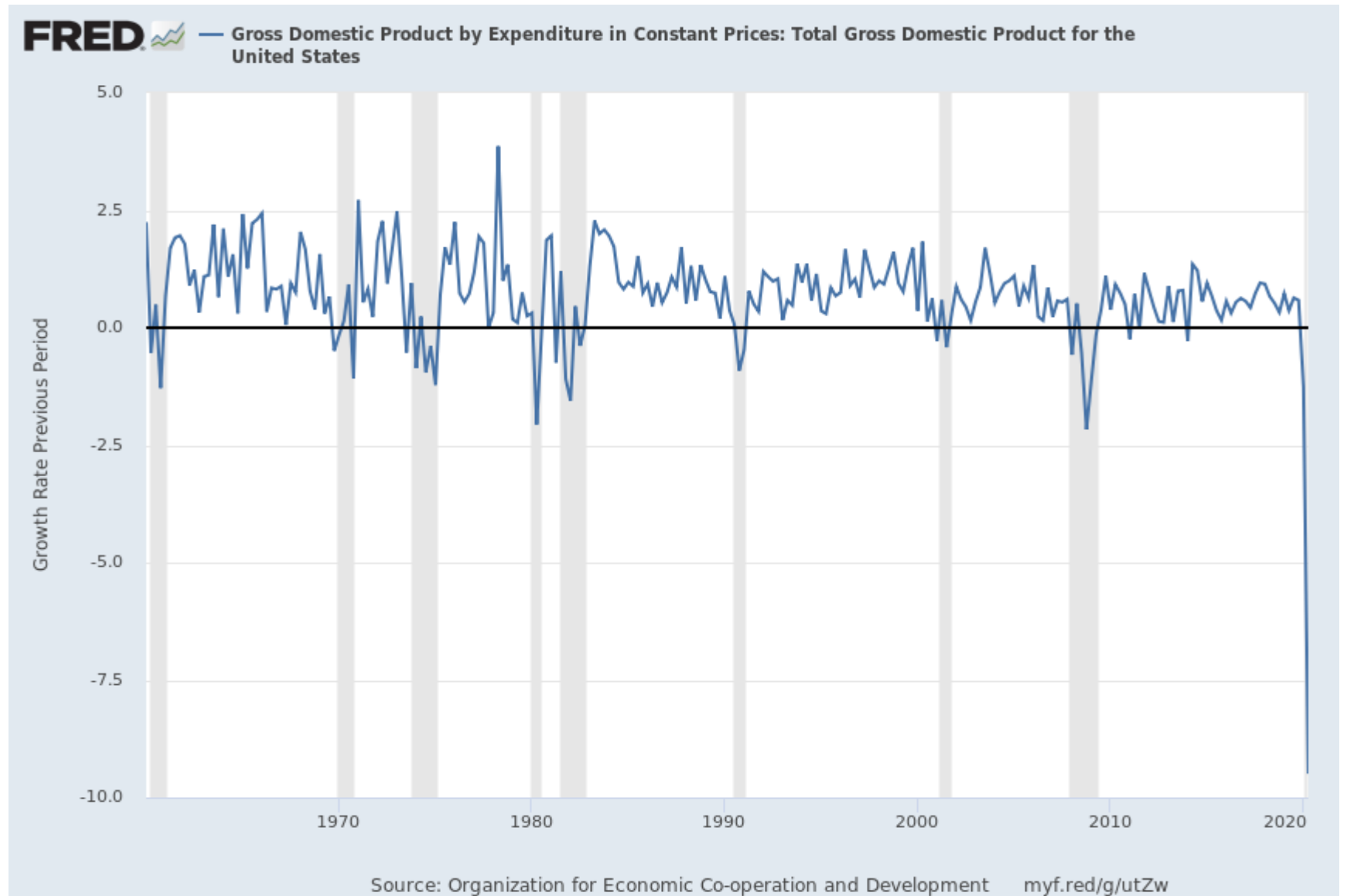
MACRO COMPONENTS

GDP = consumption + investment + government spending + exports – imports

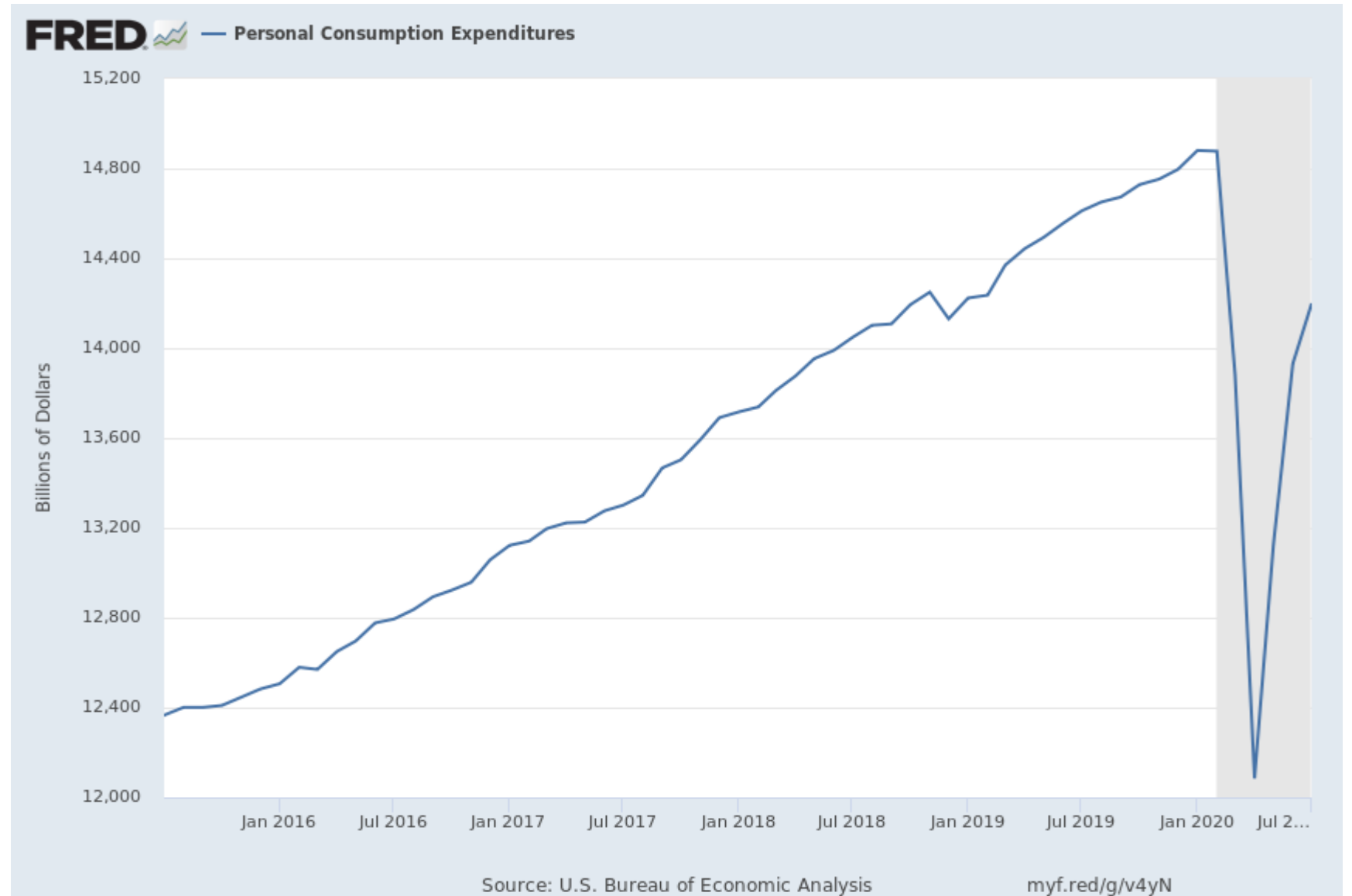
The GDP is the sum of all final goods produced domestically in the United States. In any case, GDP hit a high of around 21.6 trillion dollars on an annualized basis. It then dropped about 2 trillion dollars.



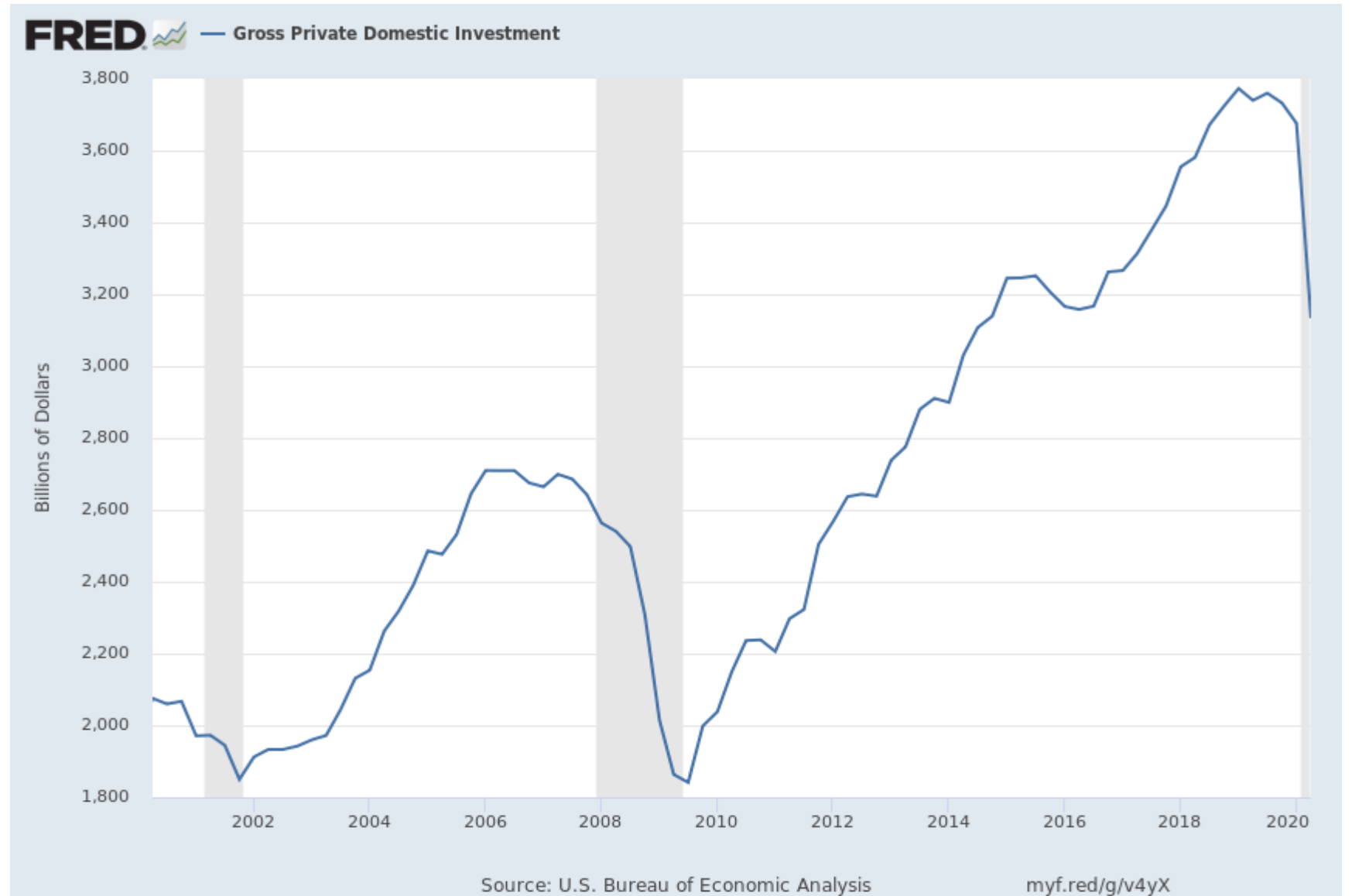
On a quarter-over-previous quarter basis, GDP (here measured in constant or inflation-adjusted prices) plunged nearly 10 percent recently.



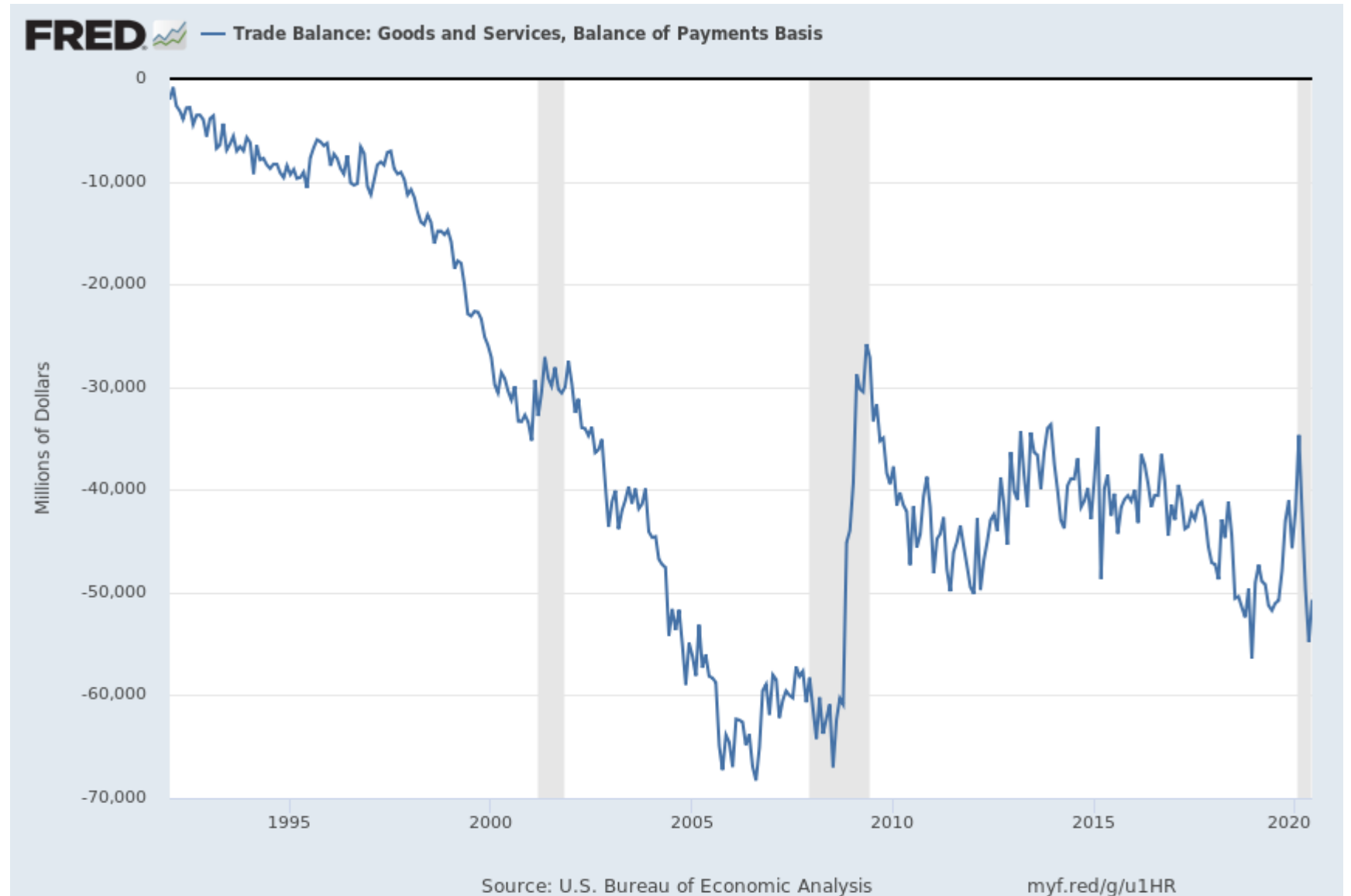
Personal consumption expenditures are the largest component of GDP. Thus the peak spending in this chart of \$14.8 trillion can be compared with a peak annualized GDP of \$21.6 trillion. With the shelter-at-home and other aspects of the COVID-19 pandemic, personal consumption expenditure tanked almost 3 trillion to rebound to within somewhat less than 1 trillion of peak consumption spending.



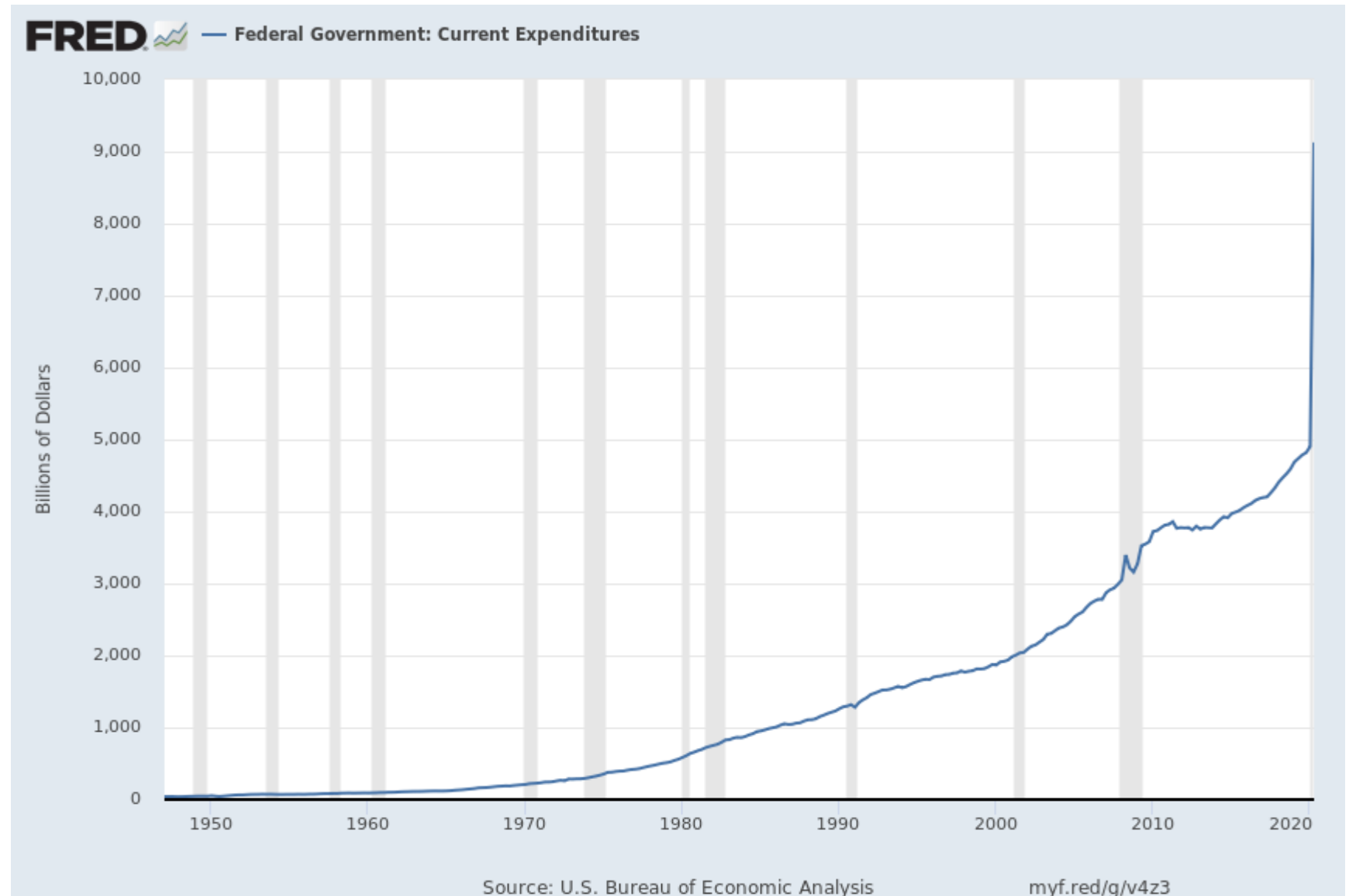
Gross private domestic investment also took a big hit in 2020



These figures of the US trade balance are on a monthly basis, and thus are not immediately comparable with the previous annualized numbers. However, the chart highlights the failure of the Trump trade policies. Despite imposing restrictive trade policies, the Trump Administration has not improved the trade balance from the time before 2016, when it took office. In fact, the trade balance has deteriorated further.



US Federal expenditures (“government spending”) increased by 4 trillion dollars on an annualized basis in response to the pandemic. This is approximately the amount of the first Congressional pandemic relief or bailout package plus increases in net spending due to reduction in tax revenues.



FEDERAL RESERVE BANK

The other source of stimulus has been the US Federal Reserve Bank which has boosted its acquisition of Treasuries, mortgage-backed securities, and a broad variety of short and longer term assets by almost \$3 trillion in a short period of time.

This stimulus far exceeds the effort in the Recession of 2008-2009.

